

# State Lottery

Analyst: Swanson

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2006 Total App</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Approp</b>	<b>FY 2008 Request</b>	<b>FY 2008 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
Dedicated	10,857,000	10,797,500	11,116,600	11,184,000	11,037,900
Percent Change:		(0.5%)	3.0%	0.6%	(0.7%)
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	2,712,500	2,520,200	2,604,000	2,648,500	2,649,400
Operating Expenditures	8,017,100	8,153,800	8,353,600	8,426,100	8,279,100
Capital Outlay	127,400	123,500	159,000	109,400	109,400
<b>Total:</b>	<b>10,857,000</b>	<b>10,797,500</b>	<b>11,116,600</b>	<b>11,184,000</b>	<b>11,037,900</b>
Full-Time Positions (FTP)	48.00	48.00	48.00	47.00	47.00

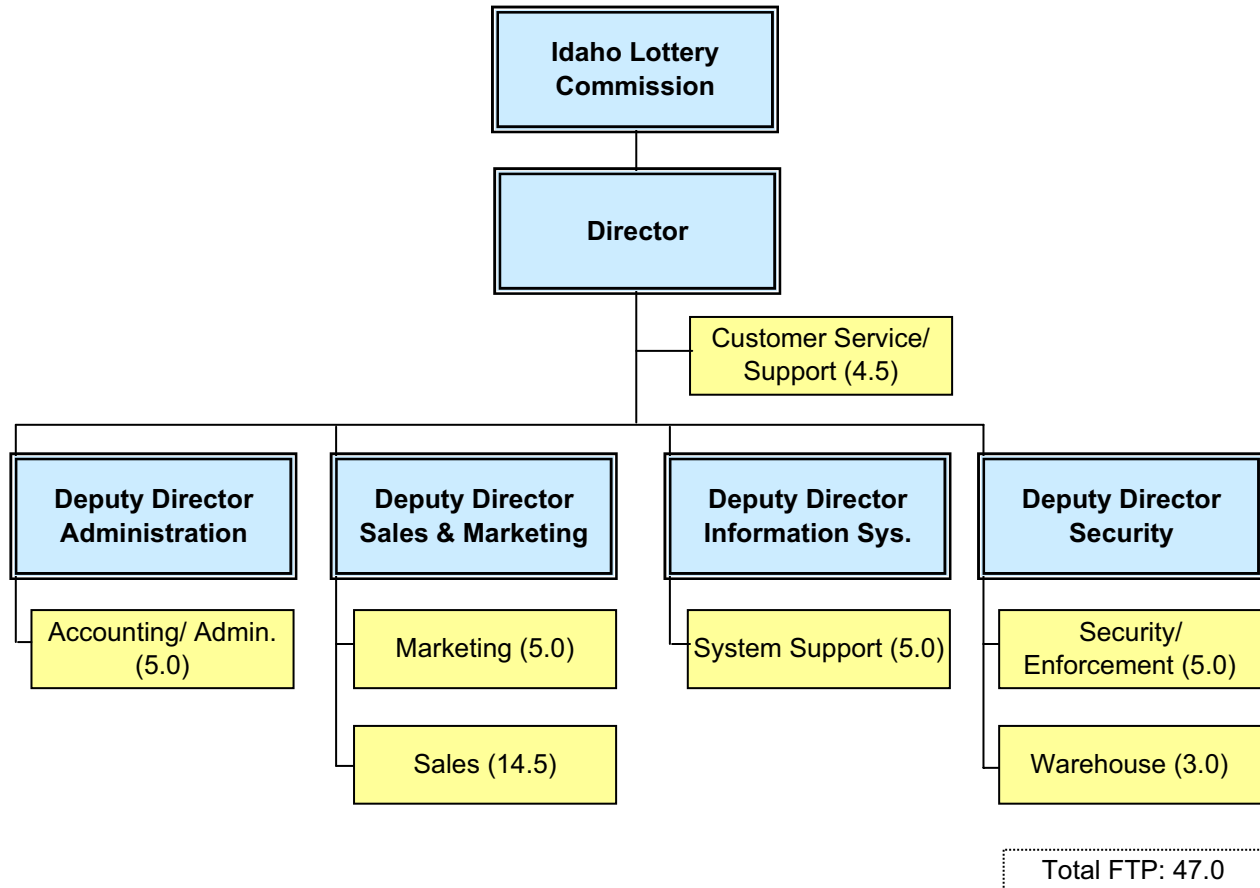
## Division Description

In 1988, the Legislature authorized a vote by the electorate of Idaho for a constitutional amendment repealing the constitutional ban on lotteries. The mission of the Idaho Lottery is to maximize net income and the resulting annual dividend payments for Idaho public schools and buildings. Since its inception in 1989, the Lottery has produced \$333,550,000 in dividends. The Idaho Lottery Commission is a five-member board appointed by the Governor and serves five-year terms. The commission adopts rules for the agency, approves contracts, and monitors the Idaho Lottery Commission operations.

# State Lottery Agency Profile

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## Organizational Chart



## Sources/Uses of Funds

**State Lottery Fund:** Derived from the sale of lottery tickets (Section 67-7428, Idaho Code), the State Lottery Fund is used to pay agency administrative expenses including personnel, operating and capital outlay and includes expenditures for the following continuously-appropriated expenses: prizes, retailer commissions, and advertising and promotion costs. In FY 2006, prize payments were \$76.7 million; retailer commissions were \$7.7 million; and advertising costs were \$2.6 million.

**FY 2007 Original  
Appropriation  
\$11,116,600**

# State Lottery Agency Profile

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## Selected Measures

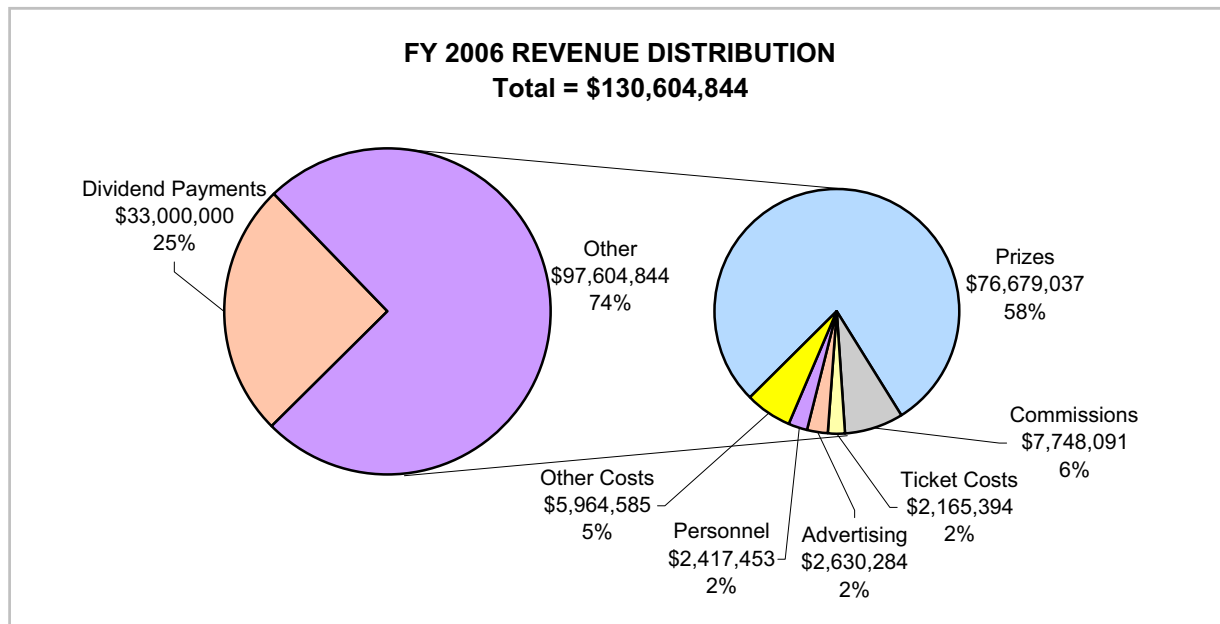
### REVENUE DISTRIBUTION

#### Statutory Requirements:

Prize payout shall be no less than forty-five percent (45%) of lottery revenues.

Administrative costs shall not exceed fifteen percent (15%) of lottery revenue during any fiscal year.

Advertising and promotional costs shall not exceed three and one-half percent (3.5%) of lottery revenue during any fiscal year.



#### REVENUE DISTRIBUTION FY 2004 - FY 2006

	FY 2004	FY 2005	FY 2006
Dividend Payments	\$25,000,000	\$26,000,000	\$33,000,000
Prizes	\$64,733,231	\$69,593,162	\$76,679,037
Commissions	\$6,309,029	\$6,715,969	\$7,748,091
Ticket Costs	\$2,256,983	\$2,226,824	\$2,165,394
Advertising	\$2,994,992	\$2,790,890	\$2,630,284
Personnel	\$2,314,977	\$2,455,203	\$2,417,453
Other Costs	\$6,437,381	\$5,640,687	\$5,964,585
<b>Total</b>	<b>\$110,046,593</b>	<b>\$115,422,735</b>	<b>\$130,604,844</b>

# State Lottery

## Comparative Summary

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Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2007 Original Appropriation</b>	<b>48.00</b>	<b>0</b>	<b>11,116,600</b>	<b>48.00</b>	<b>0</b>	<b>11,116,600</b>
Removal of One-Time Expenditures	0.00	0	(222,000)	0.00	0	(222,000)
Base Adjustments	(1.00)	0	0	(1.00)	0	0
<b>FY 2008 Base</b>	<b>47.00</b>	<b>0</b>	<b>10,894,600</b>	<b>47.00</b>	<b>0</b>	<b>10,894,600</b>
Benefit Costs	0.00	0	31,600	0.00	0	0
Inflationary Adjustments	0.00	0	149,300	0.00	0	2,300
Replacement Items	0.00	0	56,000	0.00	0	56,000
Statewide Cost Allocation	0.00	0	(23,400)	0.00	0	(23,400)
Change in Employee Compensation	0.00	0	75,900	0.00	0	108,400
<b>FY 2008 Total</b>	<b>47.00</b>	<b>0</b>	<b>11,184,000</b>	<b>47.00</b>	<b>0</b>	<b>11,037,900</b>
Change from Original Appropriation	(1.00)	0	67,400	(1.00)	0	(78,700)
% Change from Original Appropriation			0.6%			(0.7%)

# State Lottery

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2007 Original Appropriation</b>	48.00	0	11,116,600	0	11,116,600

## Removal of One-Time Expenditures

Remove funding provided for one-time items.

Agency Request	0.00	0	(222,000)	0	(222,000)
Governor's Recommendation	0.00	0	(222,000)	0	(222,000)

## Base Adjustments

The State Lottery is shifting \$63,000 from personnel costs to operating expenditures and decreasing FTP by one position. This reflects a decision by the Lottery to use a contract vendor to provide services, rather than using the DP systems analyst position that was authorized in FY 2004.

Agency Request	(1.00)	0	0	0	0
Governor's Recommendation	(1.00)	0	0	0	0

## FY 2008 Base

Agency Request	47.00	0	10,894,600	0	10,894,600
Governor's Recommendation	47.00	0	10,894,600	0	10,894,600

## Benefit Costs

Restores funding for premium holidays taken in FY 2007 estimated at \$865 per employee. Also includes the employer-paid portion of estimated changes in employee benefit costs including \$350 per employee for health insurance.

Agency Request	0.00	0	31,600	0	31,600
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*The Governor recommends that all health insurance related adjustments be funded by program changes or utilizing reserves available in the group insurance contract. As the PERSI Board voted to maintain the current contribution rate for the upcoming fiscal year, no adjustment to retirement rates is necessary.*

Governor's Recommendation	0.00	0	0	0	0
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## Inflationary Adjustments

This customized inflationary adjustment is a 1.81% increase over the base. It is calculated by subtracting statewide allocation plan costs and applying a 1.81% increase for all remaining operating costs.

Agency Request	0.00	0	149,300	0	149,300
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*Inflationary increases are provided only for contractual obligations such as leased space costs. Other inflationary requests are not recommended.*

Governor's Recommendation	0.00	0	2,300	0	2,300
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## Replacement Items

Replacement items include capital outlay for three vehicles (two sedans at \$19,000 each and one passenger van for \$18,000).

Agency Request	0.00	0	56,000	0	56,000
Governor's Recommendation	0.00	0	56,000	0	56,000

## Statewide Cost Allocation

This decision unit includes adjustments for services provided by state agencies as follow: a decrease of \$27,900 for Attorney General fees, and increases of \$1,200 for State Controller fees, \$3,100 for State Treasurer fees, and \$200 for property and casualty insurance premiums.

Agency Request	0.00	0	(23,400)	0	(23,400)
Governor's Recommendation	0.00	0	(23,400)	0	(23,400)

## Change in Employee Compensation

Reflects the calculated cost of a 3.5% salary increase for permanent and group positions.

Agency Request	0.00	0	75,900	0	75,900
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*The Governor recommends a compensation increase of 5% to be distributed based on merit.*

Governor's Recommendation	0.00	0	108,400	0	108,400
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## FY 2008 Total

Agency Request	47.00	0	11,184,000	0	11,184,000
Governor's Recommendation	47.00	0	11,037,900	0	11,037,900

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<b>Budget by Decision Unit</b>	<b>FTP</b>	<b>General</b>	<b>Dedicated</b>	<b>Federal</b>	<b>Total</b>
Agency Request					
Change from Original App	(1.00)	0	67,400	0	67,400
% Change from Original App	(2.1%)		0.6%		0.6%
Governor's Recommendation					
Change from Original App	(1.00)	0	(78,700)	0	(78,700)
% Change from Original App	(2.1%)		(0.7%)		(0.7%)